

Message Text

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ACTION IO-11

INFO OCT-01 AGR-10 USIA-15 AID-05 EB-07 AF-06 ARA-10 EA-09

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 6353

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

AMEMBASSY KUALA LUMPUR

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY BONN

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FODAG

REF: (A) ROME 4019, (B) ROME 4122.

1. REPRESENTATIVES FROM 53 COUNTRIES, THE EC AND 11 INTERNATIONAL ORGANIZATIONS ATTENDED THE SESSION. POLAND AND HUNGARY ONLY SOVIET BLOC PARTICIPANTS.
2. MR. B. AZEVEDO BRITO, BRAZIL, WAS ELECTED CHAIRMAN; H.A.I. HAKIM, INDONESIA, AND MR. G. C. VALLIER, FRANCE, FIRST AND SECOND VICE CHAIRMEN RESPECTIVELY.
3. U.S. DELEGATION INCLUDED MESSRS. CARL CAMPBELL, NATIONAL COTTON COUNCIL; RALPH JACKSON, AMERICAN SOYBEAN ASSOCIATION. IN ADDITION, MR. KENNETH LEWIS, NATIONAL COTTONSEED PRODUCTS ASSOCIATION AND MR. SHELDON HAUCK, NATIONAL SOYBEAN PROCESSORS ASSOCIATION ATTENDED MOST SESSIONS.
4. STATISTICAL SUB-GROUP CONCLUDED THAT EVEN WITH ECONOMIC ACTIVITY GAINING MOMENTUM GLOBAL CONSUMPTION OF FATS AND OILS,

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INCLUDING OILSEEDS, WILL NOT BE ADEQUATE TO ABSORB CURRENT

OUTPUT, AND STOCKS IN EXPORTING AND IMPORTING COUNTRIES WILL INCREASE. PRICES OF MOST VEGETABLE OILS WILL REMAIN UNDER DOWNWARD PRESSURE WHILE PROTEIN PRICES MAY STRENGTHEN DURING REMAINDER OF YEAR.

5. GROUP EXPRESSED CONCERN OVER LONG TERM OUTLOOK FOR SUPPLY/DEMAND OILSEEDS, OILS AND FATS, AND OILMEALS. IT REQUESTED SECRETARIAT UNDERTAKE REVISED UPDATED PROJECTION STUDY, INCLUDING A PRICE IMPACT ANALYSIS AT EARLIEST DATE, AS BASIS FOR CONSIDERATION OF POTENTIAL REMEDIAL MEASURES. IN SHORT TERM, COUNTRIES WERE URGED ADOPT POLICIES DESIGNED TO MINIMIZE SURPLUSES.

6. CONCERN OVER POSSIBLE LONG TERM OVER SUPPLY OF FATS AND OILS ENABLED FRUITFUL DISCUSSION PALM/SOYBEAN OIL SITUATION. SIERRE LEONE AMBASSADOR NOTED THAT PALM OIL PRODUCING COUNTRIES SHOULD NOT DISMISS THEIR ROLE IN DEVELOPING SURPLUS SITUATION BY NOTING THAT NEW PLAM PLANTING COULD BE CONTROLLED. THIS REPLY IN RESPONSE MALAYSIAN/INDONESIAN CONTENTION TREES IN PLACE AND "COULD NOT BE PLOUGHED UP," AND THAT ANNUAL CROPS SHOULD BEAR LARGEST ADJUSTMENT BURDEN BY SHIFTING FROM OILSEEDS TO OTHER CROPS.

7. EC-NFDM PROPOSAL CAME UNDER REPEATED CRITICISM FROM BOTH DEVELOPING AND DEVELOPED COUNTRIES AS BOTH MARKET DISRUPTIVE AND TRADE RESTRICTIVE. EC REP TOOK POSITION THAT THE SCHEME HAD BEEN DEVISED TO AVOID DISCRIMINATION, EITHER BETWEEN TYPES OF OILSEEDS AND OILMEALS, OR WHETHER THE PRODUCTS WERE IMPORTED OR DOMESTICALLY PRODUCED. (NOTE: WE UNDERSTAND EC IS USING SWISS /ACHAT CONDITIONELS/ SYSTEM AS A GUIDE IN CONSTRUCTING THEIR REGULATIONS, AND APPEAR LIKELY TO USE NON-DISCRIMINATION ARGUMENT IN GATT.) GROUP, WHILE NOT MENTIONING EC IN FINAL TEXT, ADOPTED POSITION THAT COUNTRIES TAKING MEASURES TO DISPOSE OF DAIRY SURPLUS STOCKS BY ENCOURAGING USE IN ANIMAL FEEDS SHOULD ENSURE SUCH ACTION DOES NOT WORK TO DETRIMENT OF COUNTRIES EXPORTING OILSEEDS AND MEALS.

8. EC-OLIVE OIL MEASURES OF JUNE 1975 WHICH RESULTED IN SERIOUS MARKETING DIFFICULTIES FOR TUNISIA, TURKEY, SPAIN, ETC. ALSO CAME UNDER PROLONGED CRITICISM. RECENT EC MEASURES UNCLASSIFIED

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CONSIDERED INADEQUATE, AND WILL CONTINUE TO PERPETUATE ITALIAN OLIVE OIL SURPLUS, FURTHER DISTORTING PRICE RATIO SEED/OLIVE OILS. NEW PRICE REGULATIONS SCHEDULED FOR NOVEMBER 1976 EXPECTED TO HAVE MINIMUM EFFECT ON CURRENT SURPLUS. FYI: EC EXPECTED TO USE EXPERIENCE WITH NFDM PROPOSAL IN CONSIDERING MEASURES NECESSARY ELIMINATE OLIVE OIL SURPLUS. UNCTAD REP INDICATED VEGETABLE OILS WOULD BE UNDER CONSIDERATION FOR INCLUSION IN INTEGRATEDCD COMMODITY PROGRAM THIS WEEK. REP

ALSO PRESSED THE GROUP TO EXPRESS A NEED FOR COMPENSATORY FINANCING SCHEME FOR DEVELOPING COUNTRIES EXPORTS OF VEGETABLE OIL.

9. AMERICAN OILSEEDS INDUSTRY MEETINGS WITH MALAYSIAN PRODUCERS BEING REPORTED SEPTEL.

10. U.S. DELEGATE BELIEVES IN TOTO THAT MEETING ACCOMPLISHED RESULT OF ALERTING VEGETABLE OIL PRODUCERS OF PROBLEM OF PLANNING ON UNLIMITED EXPORT OF OILS, PRODUCING A CALL FOR MORE FREE WORLD MARKETS FOR OILMEAL AND OIL PRODUCTS, AND HIGHLIGHTING NEED FOR SUPPLY/DEMAND STUDIES.VOLPE

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